



DCCA NEWS RELEASE

BUSINESS REGISTRATION DIVISION

RYAN S. USHIJIMA

Commissioner of Securities

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FOR IMMEDIATE RELEASE

July 30, 2001

COMMISSIONER OF SECURITIES ISSUES ORDER AGAINST WOMEN EMPOWERING WOMEN GIFTING CIRCLE PYRAMID SCHEME

The Commissioner of Securities, Ryan S. Ushijima, issued a Cease & Desist Order against **WOMEN EMPOWERING WOMEN** aka **WOMEN'S GIFTING CIRCLE** aka **TABLE GIFTING CIRCLE** aka **the GIFTING CIRCLE**, and **MARLENE VINTERO**, who are individuals and/or entities involved in what appears to be an illegal pyramid investment scheme. This particular scheme targets women and has particularly hit the Big Island.

The Commissioner warns that if you are continuing to be a part of this scheme you are potentially violating state securities laws and subject to civil sanctions, including civil penalties of up to \$100,000 per violation.

Gifting clubs are in reality illegal pyramid investment schemes. New club members give cash "gifts" to the highest ranking club members. If they get additional members to join the club, new members are promised that they too will rise to the top and receive money – far more than they initially paid to join the club – from newer club "friends."

The problem is, like most pyramid schemes, illegal gifting clubs must continually recruit ever-increasing numbers of members to survive. When the clubs don't attract enough new members, they collapse. Most members who paid to join the clubs never receive the financial "gifts" they expected, and lose everything they paid to join the club.

Pyramid investment schemes are illegal under State securities laws because memberships or interests in a pyramid scheme constitute an investment contract, which is defined by statute to be a "security".

State securities laws require that such investments – as well as the individuals and companies soliciting their sale – be registered with the State. Neither the investments nor the individuals and entities named here are registered with the State.

State securities laws also prohibit fraud in connection with the offer or sale of a security.

DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS

BENJAMIN J. CAYETANO, Governor

KATHRYN S. MATAYOSHI, Director

NOE NOE TOM, Deputy Director

A pyramid investment program is, by its very nature, a scheme to defraud as participants swindle the public by using the lure of quick and easy profits to pay off earlier investors and recruit new investors into a program which will eventually collapse and fail, causing the loss of their entire investment.

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The Order issued today by the Commissioner finds that memberships or interests in the gifting circle are securities, prohibits the named parties from making any offers, sales, or solicitations of these securities, or any other securities, in the State of Hawaii, and imposes a civil penalty of \$90,000 joint and severally.

Commissioner Ushijima warns Hawaii investors that if they are approached about joining a club, but aren't sure if it's an illegal gifting club, they are reminded to:

- ? Consider that a legitimate gift has no strings attached and is not an "investment."
- ? Avoid being misled into thinking a gifting club is legitimate because the ads say that members consider their payments a gift and expect nothing in return. This is an attempt to make an illegal transaction look legal.
- ? Be wary of success stories or testimonials of tremendous payoffs. Very few members of illegal gifting clubs or pyramid schemes ever receive any money.
- ? Take your time. Don't buckle under to a high-pressure sales pitch that requires you to join immediately or risk losing out on the opportunity. Remember, solid opportunities – and solid friendships – aren't formed through nerve wracking tactics.

Hawaii residents who have been contacted by, who have invested with, or who have any information regarding any of the above named parties are urged to contact the Securities Enforcement Branch of the Department of Commerce and Consumer Affairs at 586-2740 on Oahu. The toll free numbers for the neighbor islands are as follows:

Big Island:	974-4000, then enter 62740 and hit #
Kauai:	274-3141, then enter 62740 and hit #
Maui:	984-2400, then enter 62740 and hit #
Molokai & Lanai:	1-800-468-4644, then enter 62740 and hit #

Hawaii residents may also file a complaint with the Federal Trade Commission by calling 1-877-FTC-Help (382-4357), toll free, use their online complaint form at www.ftc.gov, or write: Consumer Response Center, Federal Trade Commission, 600 Pennsylvania Avenue, NW,

Washington, DC 20580.